

Testimony of Google Inc.
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*Safety of Imported Pharmaceuticals: Strengthening Efforts to Combat the
Sales of Controlled Substances Over the Internet*

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The Internet enables consumers to make better health care decisions, giving consumers on-demand access to a vast realm of useful information about medical and pharmaceutical products and services. At the same time, the Internet is a means by which would-be customers can find, purchase and obtain controlled substances from rogue, unlicensed, online drug-merchants. Today's hearing highlights the need for strong, sustained, and coordinated action to disrupt illegal online sales of controlled substances. Google stands ready to do its part.

In the following testimony, I detail two of the voluntary steps that Google has taken to ensure that our online advertising services protect our users by providing access to safe and reliable information.

First, Google has implemented a rigorous third-party review and verification process that allows *only licensed pharmacies and pharmacists* to display advertisements in the United States.

Second, Google is actively assisting those agencies of the federal government that are leading the fight against illegal drug sales. The Google Grants program provides *free advertising* to U.S. government agencies, allowing them to run public information campaigns that utilize Google's sophisticated targeting techniques to reach Internet users right as they perform relevant online searches. In addition, Google has been actively contributing to several interdisciplinary efforts, including the *federal inter-agency working group*, to improve coordination and develop effective strategies against dangerous, rogue online drug-merchants.

We appreciate the hard work of the Subcommittee to explore and understand the entire system surrounding illegal online drug sales, and to pinpoint the potential points of interdiction. We look forward to working with you and your staff as you continue to explore these important issues.

Google's Advertising Products

Google's mission is to organize the world's information and make it universally accessible and useful. In 2000, Google added advertising to complement our growing search services business and to provide another method for users to find pertinent and useful information easily on the Internet. In doing so, Google put to the test our belief that highly relevant advertising can be as useful as our search results. Our advertising has the same aim as our search results: give users information they will find useful.

Google first built an advertising system to accompany our search engine. When a user searches on a keyword, advertisers may bid to be placed next to the search results for that keyword. For example, when typing the word 'flowers' into the search box, relevant search results will appear accompanied by relevant advertisements about flowers displayed along the right-hand side. Google then extended the search advertising platform to provide highly-relevant ads for any website with content. Here's how it works: Google's system analyzes the content of a

partner's web page to determine which advertisements would likely be relevant to the content; based on that analysis, the Google system selects relevant ads to appear on the page. The result is that advertisers can match their advertising to broader content concepts, allowing their ads to reach a wider audience through many different channels beyond the various Google websites.

We offer our advertising technologies to advertisers through our AdWords™ service, and to publishers of websites through our AdSense™ service.

Google AdWords™

Launched in autumn 2000, Google AdWords allows any potential advertiser — from a neighborhood drycleaner in Louisville to a Big Three automaker in Detroit — to easily create text- or image-based ads and to display them online in a targeted manner. AdWords is principally a self-managed program, meaning that most advertisers create and control their advertisements through an online interface.

Google's advertising ranking algorithm aims to target ads according to relevance, so that we show only ads that our users will find useful. The AdWords system monitors in real time how well each ad is performing in order to calculate the relevance of a given ad or keyword to the user. An ad's performance is measured largely in terms of its clickthrough rate, a measure of how often the people who view the ad click on it. The most relevant, and therefore the most useful, ads are displayed more prominently and more frequently; conversely, ads and keywords with consistently low clickthrough rates may not be shown. Our focus on relevance means that an advertiser cannot secure top ad placement in the AdWords program simply by paying more—rather, advertisers have every incentive to make their ads as relevant to users as possible.

Google AdSense™

In 2003, we expanded the reach of AdWords through a new service called Google AdSense. AdSense is a program that permits website publishers to deliver relevant ads generated by Google on their own sites, and thereby to earn money every time a user clicks on one of those ads. AdSense gives web publishers of any size—from an individual weblogger or hobbyist to a global news site—a powerful new means to generate revenue and to enhance the user experience on their sites. AdSense essentially allows anyone who publishes through a website to become part of the Google Network, to include relevant, targeted, unobtrusive Google ads on their webpages, and to earn shared revenues when readers click on them. Like AdWords, AdSense is largely a self-managed program, allowing even the smallest of web publishers to participate.

Google Standards and Policies for AdWords and AdSense

The AdSense and AdWords services employ numerous automated and manual checks, program policies, and enforcement mechanisms to provide our users, publisher partners, and advertisers with advertising services that are high-quality and relevant.

Google recognizes that the success of any of our products ultimately depends on quality. We have therefore implemented rigorous quality standards for all our ads, and have developed a range of tools to help our users and publishing partners identify the advertising content that's right for them. For example, most Google ads on AdSense partner websites display an "Ads by Google" label, which links to a feedback form. Through this form or by an email to customer support, users are invited to report poorly targeted ads or ads they may find objectionable.

From the launch of our advertising services, in keeping with our company values and mission, Google has had policies restricting the types and content of advertising we accept. The policies and Terms and Conditions for AdWords and AdSense are posted online, addressing editorial, content, and usability issues.¹ Advertisers, their

¹ AdWords Terms and Conditions are available at <<https://adwords.google.com/select/tsandcsfinder>> . AdWords Editorial Guidelines are available at <<https://adwords.google.com/select/guidelines.html>> . AdSense Terms and Conditions are available

advertisements and the websites to which they point must adhere to these standards as a condition of joining and continuing to participate in either program.

Some of these policies prohibit specific forms of online advertising. For example, we have never supplied pop-up advertising, nor do we permit pop-up windows to be launched from clicking on the link in the ads. Other policies relate to the nature of what is being advertised. For example, we do not allow the advertising of tobacco or tobacco products, regardless of its legality in the different jurisdictions in which we serve advertising.

Enforcement of Google's Standards and Policies

The AdWords system begins performing automated policy checks as soon as an advertiser submits an ad. Ads entered through our online system are subject to real-time automatic screening for potentially sensitive or objectionable terms, as defined in our policies. If the ad and its list of associated keywords pass this automated screening process, it will be displayed initially on the Google website. If not, the ad is flagged for further review by the Google AdWords team, and will not appear anywhere until it has been reviewed and approved.

All ads and keywords must eventually pass review to ensure that they meet Google's advertising standards. Only ads that have passed review are permitted to run in the Google Network, which includes not only Google's own website, but also the sites and products of our AdSense partners.

Google's Online Pharmacy and Pharmacist Policy

Internet users want information about pharmaceuticals. At Google, we recognize that providing relevant information from trusted sources can be critically important. Over the past few years, we have received numerous emails from individuals who have found life-saving information through Google's search and advertising results. We handle many queries every day from users looking for information about pharmaceuticals — how they work, what they do, where to fill prescriptions for them, and so on. Google's role is to make relevant information available, whether for a homebound patient searching for access to prescribed medication or for a doctor looking for diagnosis and treatment indications beyond what can be found on her shelves. In addition to our search results, relevant and trustworthy advertising has a role to play helping all of these users.

Google believes that our users benefit from advertising by licensed pharmacies and pharmacists, addiction treatment and detoxification centers, pharmaceutical manufacturers, and other organizations with involvement or interest in pharmaceuticals. Advertising by licensed pharmacies and pharmacists helps consumers locate services, compare among options, and make cost-effective choices when tending to their health. For all these reasons, Google is committed to providing its users with information about pharmaceuticals, pharmacies, and pharmacists.

Of course, pharmaceutical advertising carries risks along with its benefits. We recognize that there are bad actors on the Internet, including unlicensed online pharmacies that peddle unsafe and counterfeit products. Consequently, we have implemented policies that will protect our users from encountering potentially dangerous rogue drug-merchants through our advertising services.

Google's Approach: Third-Party Verification

As the online pharmaceuticals market has become more complex, Google has taken proactive steps to ensure that information going from our advertisers to our users and partners is as relevant, useful, and trustworthy as possible. In the context of pharmacies and pharmacists, Google has voluntarily implemented a third-party verification process.

In order for an online pharmacy to advertise with Google, it must establish, to the satisfaction of our trusted third-party verification service, that both the pharmacy and its pharmacist are properly licensed; that the Internet website

at <<https://www.google.com/adsense/localized-terms>>. AdSense Program Policies are available at <<https://www.google.com/adsense/policies>>.

associated with the ad is owned by the licensed pharmacy; that it will not dispense prescription drugs without receiving and verifying a lawful and valid prescription from a personal practitioner; and that it will perform age verification for all prescriptions, among other requirements.

In practical terms, this means that online pharmacy advertisers must be members in good standing of the SquareTrade Licensed Pharmacy Program and must meet all other conditions of the Google AdWords Online Pharmacy Qualification Process.

One practical consequence of these requirements is that Google policy does not permit pharmaceutical-related advertising from outside the United States and Canada.

SquareTrade Licensed Pharmacy Program

SquareTrade is a leading online trust infrastructure company. Its Licensed Pharmacy Program has been reviewed and approved by the National Community Pharmacists Association (NCPA).²

SquareTrade verifies that the online pharmacy and its pharmacist are licensed by an appropriate governmental entity, and requires that members commit to industry- and NCPA-approved practices, which include compliance with all laws and regulations in the jurisdiction where the pharmacy is located as well as the jurisdiction where the buyer is located. SquareTrade regularly monitors the licensure status of member pharmacies and their pharmacists and will investigate disputes or complaints against a member pharmacy. If a change in SquareTrade member status occurs, SquareTrade notifies Google so that we may take appropriate action.

SquareTrade has a multi-step verification process to confirm that the online pharmacy is appropriately licensed. To begin with, the licensing information of both the pharmacy and the pharmacist is verified with the state or federal licensing body, a process which is repeated every three months. After this has been completed, the pharmacy is called at its number on record to confirm employment of the pharmacist, who must then go through an identity verification process, either by providing his/her Social Security Number and going through a credit header check or by providing copies of two government issued pieces of identification. As a final check, the ownership of the website by the pharmacy is confirmed, and, if the online pharmacy meets all required criteria, two physical letters are sent to the pharmacy, one addressed to the pharmacist and one addressed to the Head of Finance of the pharmacy, confirming the application and their obligations.

The SquareTrade Licensed Pharmacy Program requires its pharmacies to adhere to a stringent set of conditions that are designed to protect consumers against dangerous online practices. SquareTrade-certified pharmacies must agree to full compliance with all applicable laws, rules, regulations, and accepted industry standards of ethical business conduct. The SquareTrade program is only open to online pharmacies based in the U.S. or Canada.³ A SquareTrade-certified pharmacy must also, at all times, employ a licensed pharmacist in charge of its pharmacy and only permit licensed pharmacists to dispense prescription drugs. A certified pharmacy is required to notify SquareTrade immediately if one of its pharmacists becomes the subject of adverse government or other regulatory action relating to its licensure or the dispensing of prescription or controlled substances.

SquareTrade-certified pharmacies must agree to a series of requirements relating to the dispensing of prescription drugs. For example, they cannot provide prescription drugs without receiving and verifying a lawful and valid prescription from the customer's personal healthcare practitioner, and further, must ensure that the prescription was

² More information about SquareTrade is available at <<http://www.squaretrade.com>>.

³ While licensed Canadian pharmacies are permitted to obtain SquareTrade certification, they are also required to agree that they will not target US consumers, whether by providing shipping rates and information, by comparing the efficacy of Canadian drugs to FDA-approved drugs, or by any other means that would lead a US consumer to believe that s/he can purchase pharmaceutical drugs from Company's website. Canadian pharmacies must also put a disclaimer on the home page of their website that states: "The FDA, due to the current state of their regulations, has taken the position that virtually all shipments of prescription drugs imported from a Canadian pharmacy by a U.S. consumer will violate the law."

not obtained via an online or telephone consultation only. SquareTrade-certified pharmacies are required not to dispense any controlled substance in violation of state or federal law or without verifying the prescriber's current DEA number and conducting age verification. Finally, to qualify for SquareTrade certification, a pharmacy must agree that deliveries of prescription drugs will be made only through U.S. mail or a delivery service that requires the signature of an adult for package delivery.

SquareTrade issues a patented electronic seal to licensed pharmacies. This electronic seal has the licensure information of the pharmacy embedded into it, ensuring that consumers have transparency and visibility into why the pharmacy is legitimate. If a user clicks on the online pharmacy's SquareTrade seal, the user is able to review the SquareTrade Seal Member Profile, allowing them to confirm the pharmacy's participation in and commitment to the program.

Together, these requirements mean that U.S. consumers will not be confronted with unlicensed, rogue pharmacies or pharmacists through Google advertising services.

The Benefits of the Google / SquareTrade Partnership

Google makes every effort to provide an advertising service that is effective for advertisers and useful to our users. Our emphasis on technological innovation and ad relevance helps us reach the goal of effectiveness. Reaching our second goal, usefulness, depends in part on our ability to verify that our pharmaceutical advertisers are licensed and trustworthy and remain so throughout the course of their relationship with Google. This is SquareTrade's area of expertise.

SquareTrade provides the resources and experience needed to implement Google's pharmacy-related advertising policies on a consistent and sustainable basis without compromising our ability to focus on our search technology and advertising programs. Our partnership with SquareTrade allows each company to focus on what each does best. As a result, we permit only licensed pharmacies to advertise through Google, allowing us to say with confidence that we are providing a means by which individuals in need of education, rehabilitation, or medical care can find the information they seek and can trust that it comes from a reputable source.

The Google Online Pharmacy Qualification Process

It may be helpful to explain in some detail how Google has integrated the SquareTrade Licensed Pharmacy Program into our advertising systems.

Most importantly, to have its ads appear in the United States or its territories an online pharmacy must provide Google with a valid SquareTrade I.D., certifying its licensing status and agreement to operate in a legal and responsible manner. In addition to the requirements of the SquareTrade Licensed Pharmacy Program, Google's own advertising policies impose further requirements on online pharmacy advertisers. For example, websites advertising prescription drugs or using prescription drug names as keywords must clearly state the prescription requirement. And Google prohibits the advertisement of certain non-FDA-approved drugs.

We monitor all AdWords ads and keyword lists including drug-related terms. Ads that contain certain restricted drug-related terms will not appear to users until they have been reviewed by a Google client service representative. After reviewing the ad, the client service representative will either approve or reject the ad, according to Google's policies for online pharmacy advertisers.

Moreover, Google's policy is to reject ads or sites promoting controlled substances or any items that are primarily intended or designed for use in manufacturing, concealing, or using a controlled substance. References to certain Schedule I and II substances are closely monitored. Drug-related keywords may be approved if they are for ads and websites marketing addiction treatment and rehabilitation services, provided that illegal drugs aren't being marketed as a means of treatment.

The list of drugs and drug-related terms is updated regularly based on publicly available information found in a number of sources, including the news and drug names and schedules detailed within the Diversion Control Program web pages of the Drug Enforcement Administration website.⁴

The Evolution of Google's Online Pharmacy Advertising Policy

Google has monitored and enforced policies on all drug-related ads and keyword lists since the AdWords service was first launched. In mid-2003, Google began requiring online pharmacies to clearly state on their websites that a prescription from a licensed physician was required to obtain prescription pharmaceuticals. A team of Google representatives has since been dedicated to enforcing all aspects of Google's online pharmacy policies. Toward the end of 2003, in response to user feedback and our commitment to improving advertising quality, we began developing a new policy requiring pharmacy-related AdWords advertising to pass even more rigorous quality checks. As part of that process, we evaluated several companies that could provide third-party verification services to help us ensure policy compliance. During this time Google also talked with staff at the Federal Drug Administration about our intended policy changes and received strongly positive feedback, especially on our plan to implement third-party verification. Based on a number of factors, including specific experience and ability to scale, Google selected, in January 2004, SquareTrade L.L.C. as the trusted third-party vendor for verifying online pharmaceutical advertisers.

Google also built an automated system that identifies pharmaceutical-related advertisers before they even create their first ad. When the system identifies a prospective advertiser as an online pharmacy attempting to run ads in the United States or its territories, the AdWords interface immediately presents the advertiser with several options, including the option to submit a valid SquareTrade I.D. Without a valid SquareTrade I.D., the advertiser is able to set up an account, but will not be able to run an ad until the advertiser submits a valid SquareTrade I.D., or a client service representative reviews the account and determines that a SquareTrade I.D. is not needed. For example, informational medical sites, addiction treatment and detoxification facilities, and drug rehabilitation support groups may advertise and are not required to obtain a SquareTrade I.D.

The Impact of Google's Online Pharmacy Advertising Policy

Today, Google has approximately 250 SquareTrade-certified advertisers, ranging from large to small enterprises. Since launching our third-party verification program for online pharmaceutical advertisers, Google has rejected more than 30,000 pharmaceutical-related advertisements.

We believe that the SquareTrade program has been very successful in many ways. Rather than simply rejecting all drug-related advertising, our partnership with Square Trade has enabled Google to connect users with licensed pharmacies and trustworthy information. The number of advertisements being rejected because of failure to comply with SquareTrade requirements shows that the program has teeth. We have rejected on average over 1500 advertisements per month since the start of the program – driving legitimate advertisers to get certified by proving their licensure if they want to advertise through Google. Of course, we are continually evaluating our efforts, and intend to improve our use of SquareTrade over time.

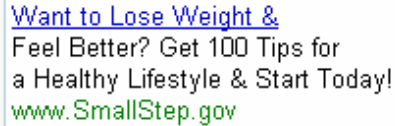
Google Grants: Free Advertising for Public Information Campaigns

To help educate users about the dangers of rogue, unlicensed drug-merchants, Google is utilizing its Google Grants program to provide free advertising to government agencies that wish to run public education campaigns. Google Grants is a unique in-kind advertising program that supports organizations that share our philosophy of community service in areas such as science and technology, education, global public health, the environment, youth advocacy, and the arts. Google Grants has awarded AdWords advertising to hundreds of non-profit groups whose missions range from animal welfare to literacy, from supporting homeless children to promoting HIV education.

Though designed for 501(c)(3) non-profit organizations, Google has made Google Grants available to selected government agencies that are seeking to inform and engage their constituents online. For example, the federal

⁴ Available at <<http://www.deadiversion.usdoj.gov>>.

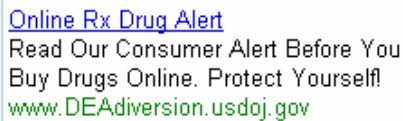
Department of Health and Human Services is currently running, in cooperation with the Advertising Council, the following public service education ad:



Want to Lose Weight &
Feel Better? Get 100 Tips for
a Healthy Lifestyle & Start Today!
www.SmallStep.gov

This ad is triggered by search queries such as “diet help”, “fast weight loss tips”, and “foods that help you lose weight”. It is a good example of the kind of public education campaign that Google Grants supports.

In the area of controlled substances, the Drug Enforcement Agency is currently running several targeted “Online Drug Alert” ads, such as:



Online Rx Drug Alert
Read Our Consumer Alert Before You
Buy Drugs Online. Protect Yourself!
www.DEAdiversion.usdoj.gov

This ad, and others like it, is triggered by a long list of keywords such as “buy online prescriptions”, “internet drugs”, “no prescription needed”, “cheap oxycontin”, and “buy vicodin”. As a result, Google users conducting searches on those kinds of keywords will be presented with the ad above. Though Google Grants advertising is free, the DEA maintains full control over its online advertising campaign (subject to Google’s usual guidelines and policies), giving it the ability to change the ad text and adjust the list of keywords. The ability to constantly update the ad campaign allows the DEA to experiment with various ad and keyword combinations, measure the results, learn from experience, and make changes, thereby maximizing the overall impact. Google has likewise offered the expertise of its creative ad experts to help the DEA calibrate and target its campaigns to greatest effect.

Assistance to Federal and Private-Sector Initiatives to Coordinate Policy, Strategy and Enforcement

In addition to Google Grants, Google has been contributing actively to various initiatives to coordinate policy, strategy, and enforcement. For example, we have participated in meetings of the federal inter-agency task force on this issue, which includes a presence from the Drug Enforcement Agency, Department of Justice, Federal Bureau of Investigation, Food and Drug Administration, Federal Trade Commission, U.S. Postal Service, and U.S. Customs and Border Protection, along with various other private-sector entities in the Internet community. We have worked cooperatively to help those agencies understand the Internet environment and more effectively address the problem of illegal online drug sales.

We also actively participate in a task force coordinated through Harvard University that has been examining the issues around illegal online pharmaceutical sales. This task force is attended by prominent criminal and Internet law professors, government prosecutors, medical doctors, federal agency representatives, federal law enforcement officials, non-profit drug education executives, and a variety of business and legal representatives from the Internet and payment processing industries. This task force is aimed at the creation of a public/private/academic partnership to think through and craft possible solutions to the problem of illegally available drugs on the Internet.

Other Approaches: Thoughts on Filtering Search Results

Google believes that promoting trustworthy advertising, providing a voice for government agencies, and offering expertise and assistance to law enforcement are the most effective and appropriate tools we have to contribute to this problem. Some have asked why search engines do not simply prohibit searches based on certain drug-related search terms, or block suspect sites from our search index. Such an approach may at first glance have some appeal, but we think it would be a serious mistake. We are deeply committed to providing objective search results and we

only interfere with the neutrality of our search index in very rare instances. More importantly, Google does not believe that tampering with searches or search results would be an effective approach:

- **Screening search results is impractical and inappropriate** – Google indexes a tremendously large number of web pages and other online content, and we serve up responses to a vast number of search queries in the U.S. every day. It is simply not practical for our employees manually to review all the web pages in our index for all drug-related terms, and then to filter out potentially unlawful from apparently lawful sites – nor should Google be making those judgments, as we are not a law enforcement agency. Likewise, automatically banning certain search queries – like all searches for “oxycontin” - would be overbroad and prevent users from getting valuable information about addiction, treatment, and lawful prescription.
- **Filtering search results is not effective** - Search engines are a mere reflection of the Internet. In a sense, search engines are to the World Wide Web what the table of contents and index are to a book. Removing search results from the Google search index does nothing to remove the offensive sites from the web itself. Even worse, it would eliminate an important tool for law enforcement and other investigators in identifying potential illegal activity. Law enforcement officials have told us that they use Google daily to find and identify the websites of unlicensed, rogue drug-merchants. Moreover, blocking specific URLs tends to be ineffective against sophisticated sites that simply change domain names frequently to evade blocking. Experience has shown that users seeking to find illegal activity online are quite able to do so despite filtering at the search level, if the illegal sites are allowed to remain active.

For these reasons, we will continue to focus our energies on the efforts that we believe are likely to be most helpful to users and most effective in combating illegal drug sales online.

Conclusion

Google believes that the Internet is a valuable resource that can provide individuals with crucial information needed to make informed health care decisions. At the same time, we recognize that it can facilitate the sale and delivery of dangerous substances from rogue, unlicensed drug-merchants. We are proud to have taken a leadership role in improving the quality and safety of online prescription drug advertising. In particular:

1. Though the SquareTrade *license-verification* program, Google works to protect our users. We make sure that the only pharmaceutical-related ads we display in the United States are from properly licensed pharmacies that are legally authorized to fill prescriptions in the United States.

2. Through the Google Grants program, Google offers *free advertising* to government agencies that wish to run public education campaigns. And we have dedicated significant employee time and energy to *assisting the federal inter-agency task force* and other policy coordination and strategy initiatives, and will continue to do so for as long as they exist.

Thank you for the opportunity to share our views on the important issues addressed by this hearing. We appreciate the Subcommittee's attention to these issues and hope that this testimony has been helpful.